

BELLE PLAINE COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2007

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Belle Plaine Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education (Before September 2006 Election)</b>		
Marie Stratford	President	2006
Tom Danker	Vice President	2006
Mitch Robinson	Board Member	2008
Mike Bachelder	Board Member	2008
Joyce Livermore	Board Member	2007
<b>Board of Education (After September 2006 Election)</b>		
Mitch Robinson	President	2008
Don McKinney	Vice President	2009
Jim Pierce	Board Member	2009
Mike Bachelder	Board Member	2008
Joyce Livermore	Board Member	2007
<b>School Officials</b>		
Mike Milligan	Superintendent	2007
Charmaine Wickwire	District Secretary/Treasurer and Business Manager (Resigned)	2007
Stacey Tomlin	District Secretary/Treasurer and Business Manager (Interim)	2007
Gruhn Law Office	Attorney	2007

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Belle Plaine Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Belle Plaine Community School District, Belle Plaine, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Belle Plaine Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 14, 2008 on our consideration of Belle Plaine Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 31 through 32 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Belle Plaine Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 and 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
NOLTE, CORNMAN & JOHNSON, P.C.

February 14, 2008

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Belle Plaine Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2007 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$5,063,114 in fiscal 2006 to \$5,268,542 in fiscal 2007 while General Fund expenditures decreased from \$5,284,949 in fiscal 2006 to \$5,257,564 in fiscal 2007. This resulted in an increase in the District's General Fund balance from \$30,635 in fiscal 2006 to a balance of \$41,613 in fiscal 2007, a 35.8% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in state grant revenue in fiscal 2007. The decrease in expenditures was minimal as compared to the previous year to be attributed to one particular area. The increase in revenues coupled with the decrease in expenditures guaranteed the increase in General Fund balance.
- The District continues to reap the benefits of passing local option sales and service tax in Iowa, Tama, Benton and Poweshiek Counties. This has allowed the Capital Projects Fund balance to increase from \$485,189 in fiscal 2006 to \$734,197 in fiscal 2007.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Belle Plaine Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Belle Plaine Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Belle Plaine Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

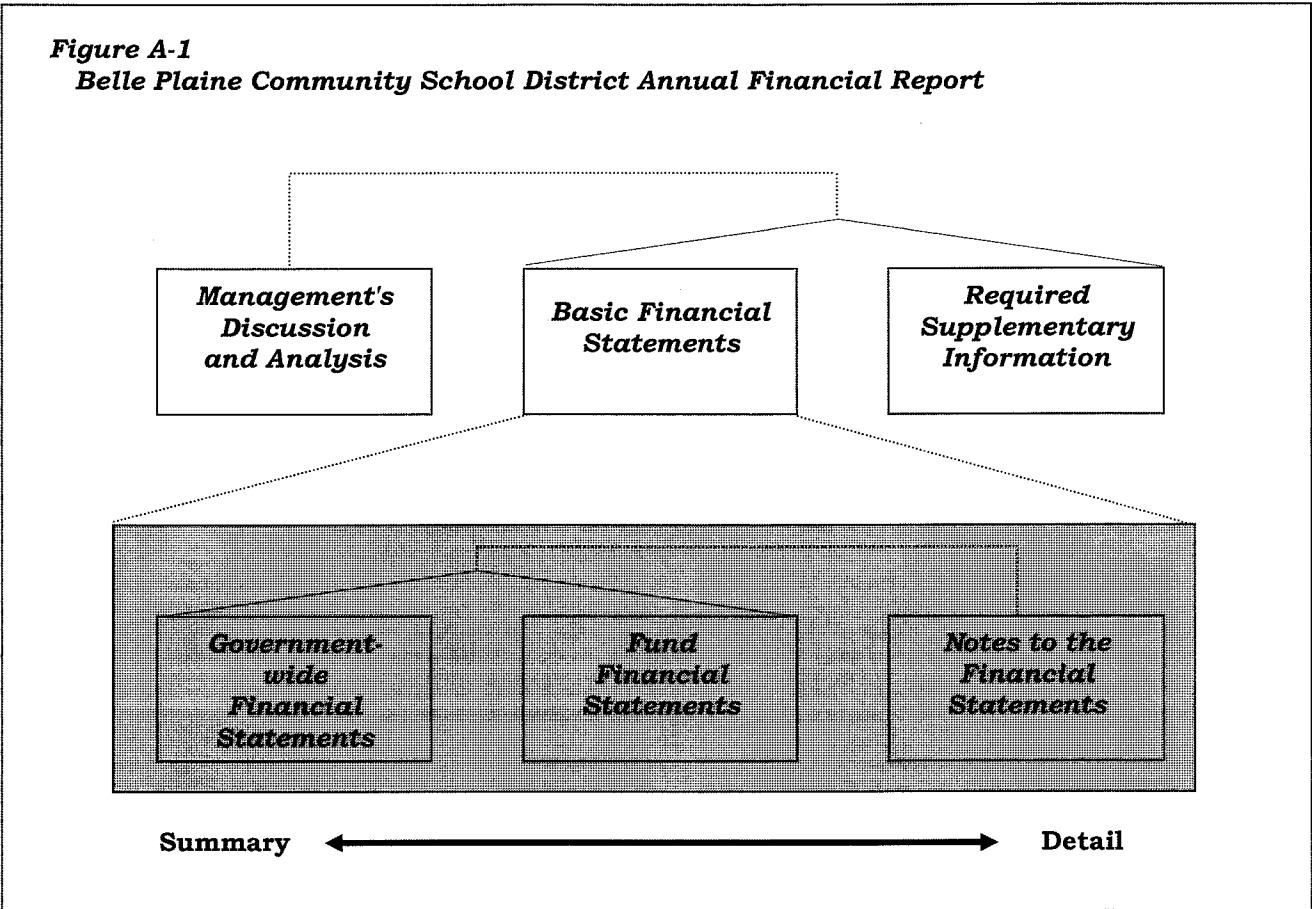


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b>			
<b>Major Features of the Government-wide and Fund Financial Statements</b>			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid



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## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, and Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2007 as compared to year ended 2006.

Figure A-3  
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Current and other assets	\$ 4,705,582	2,796,669	10,703	19,096	4,716,285	2,815,765	67.50%
Capital assets	1,093,420	1,056,078	14,419	17,265	1,107,839	1,073,343	3.21%
Total assets	5,799,002	3,852,747	25,122	36,361	5,824,124	3,889,108	49.75%
Long-term obligations	31,323	0	0	0	31,323	0	100.00%
Other liabilities	3,363,284	1,840,965	12,802	2,856	3,376,086	1,843,821	83.10%
Total liabilities	3,394,607	1,840,965	12,802	2,856	3,407,409	1,843,821	84.80%
Net assets:							
Invested in capital assets	1,093,420	1,056,078	14,419	17,265	1,107,839	1,073,343	3.21%
Restricted	1,102,972	794,226	0	0	1,102,972	794,226	38.87%
Unrestricted	208,003	161,478	(2,099)	16,240	205,904	177,718	15.86%
Total net assets	\$ 2,404,395	2,011,782	12,320	33,505	2,416,715	2,045,287	18.16%

The District's combined net assets increased by 18.16%, or \$371,428, over the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, buildings and equipment).

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased 38.87%, or \$308,746, over the prior year. This was due to the increase in fund balance in the local option sales and service tax fund during the year.

Unrestricted net assets-the part of net assets that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements- increased 15.86%, or \$28,186, over the prior year.

Figure A-4 shows the changes in net assets for the year ended June 30, 2007 as compared to year ended June 30, 2006.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Revenues:							
Program revenues:							
Charges for services	\$ 382,800	346,279	142,463	149,646	525,263	495,925	5.92%
Operating grants and contributions and restricted interest	612,830	582,054	104,314	107,781	717,144	689,835	3.96%
General revenues:							
Property tax	1,921,683	1,930,929	0	0	1,921,683	1,930,929	-0.48%
Local option sales and service tax	399,531	291,342	0	0	399,531	291,342	37.13%
Unrestricted state grants	2,647,029	2,554,342	0	0	2,647,029	2,554,342	3.63%
Other	116,195	81,397	91	60	116,286	81,457	42.76%
Total revenues	6,080,068	5,786,343	246,868	257,487	6,326,936	6,043,830	4.68%
Program expenses:							
Governmental activities:							
Instructional	3,763,985	3,730,118	0	0	3,763,985	3,730,118	0.91%
Support services	1,626,169	1,715,765	0	0	1,626,169	1,715,765	-5.22%
Non-instructional programs	0	0	269,792	271,877	269,792	271,877	-0.77%
Other expenses	297,301	297,877	0	0	297,301	297,877	-0.19%
Total expenses	5,687,455	5,743,760	269,792	271,877	5,957,247	6,015,637	-0.97%
Excess(deficiency) of revenues over(under) expenditures	392,613	42,583	(22,924)	(14,390)	369,689	28,193	1211.28%
Other financing sources(uses)							
Transfer in	0	0	0	21,000	0	21,000	-100.00%
Transfer out	0	(21,000)	0	0	0	(21,000)	100.00%
Contributed capital	0	0	1,739	998	1,739	998	74.25%
Total other financing sources(uses)	0	(21,000)	1,739	21,998	1,739	998	100.00%
Change in net assets	392,613	21,583	(21,185)	7,608	371,428	29,191	1172.41%
Net assets beginning of year	2,011,782	1,990,199	33,505	25,897	2,045,287	2,016,096	1.45%
Net assets end of year	\$ 2,404,395	2,011,782	12,320	33,505	2,416,715	2,045,287	18.16%

In fiscal 2007, property tax and unrestricted state grants account for 75.14% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.96% of the revenue from business type activities.

The District's total revenues were approximately \$6.33 million of which \$6.08 million was for governmental activities and less than \$0.25 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.68% increase in revenues and a 0.97% decrease in expenses.

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## Governmental Activities

Revenues for governmental activities were \$6,080,068 and expenses were \$5,687,455. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

Figure A-5  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
Instruction	\$ 3,763,985	3,730,118	0.91%	2,976,656	3,003,790	-0.90%
Support services	1,626,169	1,715,765	-5.22%	1,626,169	1,714,923	-5.18%
Other expenses	297,301	297,877	-0.19%	89,000	96,714	-7.98%
Totals	<u>\$ 5,687,455</u>	<u>5,743,760</u>	<u>-0.98%</u>	<u>4,691,825</u>	<u>4,815,427</u>	<u>-2.57%</u>

- The cost financed by users of the District's programs was \$382,800.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$612,830.
- The net cost of governmental activities was financed with \$1,921,683 in local tax, \$399,531 in local option sales and service tax, \$2,647,029 in unrestricted state grants, and \$26,585 in interest income.

## Business-Type Activities

Revenues of the District's business-type activities were \$246,868 and expenses were \$269,792. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

As previously noted, the Belle Plaine Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,136,540, compared to last year's ending fund balances of \$811,580.

## Governmental Fund Highlights

- The District's improving General Fund financial position is the product of many factors.
  - Expenditures in 2007 decreased \$27,385 which is 0.52%. This decrease enabled the General Fund to increase in fund balance during fiscal 2007.
- The Capital Projects fund balance increased from \$485,189 to \$734,197, due to an increase in local option sales and service tax during the year.

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## Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$33,505 at June 30, 2006 to \$12,320 at June 30, 2007, representing a decrease of 63.23%.

## BUDGETARY HIGHLIGHTS

The District's revenues were \$89,985 less than budgeted revenues, a variance of 1.4%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

Total expenditures were less than budgeted, primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2007, the District had invested \$1,107,839, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 3.11% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$123,903.

The original cost of the District's capital assets was \$3,635,861. Governmental funds account for \$3,565,049 with the remainder of \$70,812 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$236,934 at June 30, 2007, compared to \$172,996 reported at June 30, 2006. The increase is mainly because the District bought a new bus and a new van for the transportation department.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Land	\$ 37,582	37,582	0	0	37,582	37,582	0.00%
Buildings	770,213	793,330	0	0	770,213	793,330	-3.00%
Improvements other than buildings	63,110	69,435	0	0	63,110	69,435	-10.02%
Machinery and equipment	222,515	155,731	14,419	17,265	236,934	172,996	26.99%
Total	\$ 1,093,420	1,056,078	14,419	17,265	1,107,839	1,073,343	3.11%

### Long-Term Debt

At June 30, 2007, the District had \$31,323 in long-term debt outstanding. This represents a decrease of 39.6% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

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During fiscal 2007, the District once again offered early retirement benefits to employees. As of year end, the District had \$20,992 in early retirement benefits to be paid.

Also during fiscal 2007, the District offered compensated absences to certain District employees for vacation days not used during the year. As of year end, the District had \$10,331 in compensated absences due to employees.

Figure A-7  
Outstanding Long-Term Obligations

	Total School District		Total Change
	2007	2006	
Early retirement	\$ 20,992	17,762	18.2%
Compensated absences	10,331	34,128	-69.7%
Totals	\$ 31,323	51,890	-39.6%

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Although the District has experienced declining enrollment for a few years, the District expects a slight decrease in enrollment.
- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mark Fetter, District Board Secretary/Business Manager, Belle Plaine Community School District, 1303 2<sup>nd</sup> Avenue, Belle Plaine, Iowa, 52208.

BASIC FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments:			
ISCAP(Note 3)	\$ 1,329,895	0	1,329,895
Other	976,732	0	976,732
Receivables:			
Property tax:			
Delinquent	45,271	0	45,271
Succeeding year	1,910,073	0	1,910,073
Income surtax	205,758	0	205,758
Accounts	51	0	51
ISCAP interest(Note 3)	398	0	398
Due from other governments	237,404	0	237,404
Inventories	0	10,703	10,703
Capital assets, net of accumulated depreciation(Note 4)	1,093,420	14,419	1,107,839
<b>TOTAL ASSETS</b>	<b>5,799,002</b>	<b>25,122</b>	<b>5,824,124</b>
<b>LIABILITIES</b>			
Accounts payable	104,089	0	104,089
Excess of warrants issued over bank balance	0	10,332	10,332
ISCAP warrants payable(Note 3)	1,332,000	0	1,332,000
ISCAP interest payable(Note 3)	328	0	328
ISCAP unamortized premium	9,883	0	9,883
Deferred revenue:			
Succeeding year property tax	1,910,073	0	1,910,073
Unearned revenue	0	2,470	2,470
Other	6,911	0	6,911
Long-term liabilities(Note 5):			
Portion due within one year:			
Early retirement	20,992	0	20,992
Compensated absences	10,331	0	10,331
<b>TOTAL LIABILITIES</b>	<b>3,394,607</b>	<b>12,802</b>	<b>3,407,409</b>
<b>NET ASSETS</b>			
Investment in capital assets	1,093,420	14,419	1,107,839
Restricted for:			
Early intervention	20,955	0	20,955
Salary improvement program	2,144	0	2,144
Additional teacher contract day	1,144	0	1,144
Market factor	4,794	0	4,794
Management levy	102,050	0	102,050
Physical plant & equipment levy	143,366	0	143,366
Capital projects	734,197	0	734,197
Other special revenue purposes	94,322	0	94,322
Unrestricted	208,003	(2,099)	205,904
<b>TOTAL NET ASSETS</b>	<b>\$ 2,404,395</b>	<b>12,320</b>	<b>2,416,715</b>

SEE NOTES TO FINANCIAL STATEMENTS.



BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 2,544,034	182,455	361,805	(1,999,774)	0	(1,999,774)
Special instruction	705,497	19,370	32,778	(653,349)	0	(653,349)
Other instruction	514,454	180,975	9,946	(323,533)	0	(323,533)
	<u>3,763,985</u>	<u>382,800</u>	<u>404,529</u>	<u>(2,976,656)</u>	<u>0</u>	<u>(2,976,656)</u>
Support services:						
Student services	78,325	0	0	(78,325)	0	(78,325)
Instructional staff services	124,312	0	0	(124,312)	0	(124,312)
Administration services	690,485	0	0	(690,485)	0	(690,485)
Operation and maintenance of plant services	467,224	0	0	(467,224)	0	(467,224)
Transportation services	265,823	0	0	(265,823)	0	(265,823)
	<u>1,626,169</u>	<u>0</u>	<u>0</u>	<u>(1,626,169)</u>	<u>0</u>	<u>(1,626,169)</u>
Other expenditures:						
Facilities acquisitions	35,458	0	0	(35,458)	0	(35,458)
AEA flowthrough	208,301	0	208,301	0	0	0
Depreciation(unallocated)*	53,542	0	0	(53,542)	0	(53,542)
	<u>297,301</u>	<u>0</u>	<u>208,301</u>	<u>(89,000)</u>	<u>0</u>	<u>(89,000)</u>
Total governmental activities	5,687,455	382,800	612,830	(4,691,825)	0	(4,691,825)
Business-Type activities:						
Non-instructional programs:						
Nutrition services	269,792	142,463	104,314	0	(23,015)	(23,015)
Total business-type activities	<u>269,792</u>	<u>142,463</u>	<u>104,314</u>	<u>0</u>	<u>(23,015)</u>	<u>(23,015)</u>
Total	<u>\$ 5,957,247</u>	<u>525,263</u>	<u>717,144</u>	<u>(4,691,825)</u>	<u>(23,015)</u>	<u>(4,714,840)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,818,633	0	1,818,633
Capital outlay				103,050	0	103,050
Local option sales and service tax				399,531	0	399,531
Unrestricted state grants				2,647,029	0	2,647,029
Unrestricted investment earnings				26,585	91	26,676
Other				89,610	0	89,610
Total general revenues				<u>5,084,438</u>	<u>91</u>	<u>5,084,529</u>
Changes in net assets before other financing sources				392,613	(22,924)	369,689
Other financing sources(uses)						
Capital contribution				0	1,739	1,739
Change in net assets				392,613	(21,185)	371,428
Net assets beginning of year				2,011,782	33,505	2,045,287
Net assets end of year				<u>\$ 2,404,395</u>	<u>12,320</u>	<u>2,416,715</u>

\* This amount excludes the depreciation that is included in the direct expense of various programs

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	General	Capital Projects	Nonmajor Special Revenue	Total
<b>ASSETS</b>				
Cash and pooled investments:				
ISCAP (Note 3)	\$ 1,329,895	0	0	1,329,895
Other	60,741	548,717	367,274	976,732
Receivables:				
Property tax				
Delinquent	41,012	0	4,259	45,271
Succeeding year	1,829,991	0	80,082	1,910,073
Income surtax	185,182	0	20,576	205,758
Accounts	51	0	0	51
ISCAP interest (Note 3)	398	0	0	398
Due from other governments	50,945	186,459	0	237,404
<b>TOTAL ASSETS</b>	<b>\$ 3,498,215</b>	<b>735,176</b>	<b>472,191</b>	<b>4,705,582</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 92,307	979	10,803	104,089
ISCAP warrants payable (Note 3)	1,332,000	0	0	1,332,000
ISCAP interest payable (Note 3)	328	0	0	328
ISCAP unamortized premium	9,883	0	0	9,883
Deferred revenue:				
Succeeding year property tax	1,829,991	0	80,082	1,910,073
Income surtax	185,182	0	20,576	205,758
Other	6,911	0	0	6,911
Total liabilities	3,456,602	979	111,461	3,569,042
Fund balances:				
Reserved for:				
Early intervention	20,955	0	0	20,955
Salary improvement program	2,144	0	0	2,144
Additional teacher contract day	1,144	0	0	1,144
Market factor	4,794	0	0	4,794
Unreserved:				
General	12,576	0	0	12,576
Management levy	0	0	123,042	123,042
Physical plant and equipment levy	0	0	143,366	143,366
Capital projects	0	734,197	0	734,197
Other special revenue	0	0	94,322	94,322
Total fund balances	41,613	734,197	360,730	1,136,540
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,498,215</b>	<b>735,176</b>	<b>472,191</b>	<b>4,705,582</b>

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2007

Total fund balances of governmental funds (page 15) \$ 1,136,540

*Amounts reported for governmental activities in the  
statement of net assets are different because:*

Capital assets used in governmental activities are not  
financial resources and, therefore, are not report as  
assets in in the governmental funds. 1,093,420

Accounts receivable income surtax, are not yet available  
to finance expenditures of the current fiscal period. 205,758

Long-term liabilities, including early retirement and  
compensated absences are not due and payable  
in the current period and, therefore, are not reported  
as liabilities in the governmental funds. (31,323)

Net assets of governmental activites (page 13) \$ 2,404,395

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007

	General	Capital Projects	Nonmajor Special Revenue	Total
<b>REVENUES:</b>				
Local sources:				
Local tax	\$ 1,728,519	399,531	183,420	2,311,470
Tuition	167,612	0	0	167,612
Other	138,446	12,179	206,492	357,117
State sources	3,113,937	0	160	3,114,097
Federal sources	120,028	0	0	120,028
Total revenues	5,268,542	411,710	390,072	6,070,324
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular instruction	2,534,811	0	0	2,534,811
Special instruction	705,497	0	0	705,497
Other instruction	325,471	0	186,889	512,360
	3,565,779	0	186,889	3,752,668
Support services:				
Student services	77,402	0	0	77,402
Instructional staff services	124,848	26,076	0	150,924
Administration services	636,524	0	88,196	724,720
Operation and maintenance of plant services	427,693	25,861	6,575	460,129
Transportation services	217,017	94,645	0	311,662
	1,483,484	146,582	94,771	1,724,837
Other expenditures:				
Facilities acquisitions	0	16,120	43,438	59,558
AEA flowthrough	208,301	0	0	208,301
	208,301	16,120	43,438	267,859
Total expenditures	5,257,564	162,702	325,098	5,745,364
Net change in fund balances	10,978	249,008	64,974	324,960
Fund balance beginning of year	30,635	485,189	295,756	811,580
Fund balance end of year	\$ 41,613	734,197	360,730	1,136,540

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds (page 17) \$ 324,960

**Amounts reported for governmental activities in the  
 statement of activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 156,660	
Depreciation expense	<u>(119,318)</u>	37,342

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.

Early retirement	\$ (3,230)	
Compensated absences	<u>23,797</u>	20,567

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.

9,744

Changes in net assets of governmental activities (page 14) \$ 392,613

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2007

	<u>School Nutrition</u>
ASSETS	
Inventories	10,703
Capital assets, net of accumulated depreciation (Note 4)	<u>14,419</u>
TOTAL ASSETS	<u>25,122</u>
LIABILITIES	
Excess of warrants issued over bank balance	10,332
Unearned revenue	<u>2,470</u>
TOTAL LIABILITIES	<u>12,802</u>
NET ASSETS	
Invested in capital assets	14,419
Unrestricted	<u>(2,099)</u>
TOTAL NET ASSETS	<u>\$ 12,320</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUND  
 YEAR ENDED JUNE 30, 2007

	<u>School Nutrition</u>
OPERATING REVENUE:	
Local sources:	
Other local sources:	
Charges for service	\$ 142,463
OPERATING EXPENSES:	
Food service operations:	
Salaries	114,892
Benefits	20,956
Services	2,477
Supplies	126,882
Depreciation	4,585
TOTAL OPERATING EXPENSES	<u>269,792</u>
OPERATING LOSS	<u>(127,329)</u>
NON-OPERATING REVENUES:	
Interest	91
State sources	2,983
Federal sources	101,331
TOTAL NON-OPERATING REVENUES	<u>104,405</u>
Change in net assets before other financing sources	(22,924)
OTHER FINANCING SOURCES:	
Capital contribution	<u>1,739</u>
Change in net assets	(21,185)
Net assets beginning of year	<u>33,505</u>
Net assets end of year	<u><u>\$ 12,320</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2007

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 141,090
Cash received from miscellaneous operating activities	987
Cash payments to employees for services	(135,848)
Cash payments to suppliers for goods or services	(112,088)
Net cash used in operating activities	<u>(105,859)</u>
Cash flows from non-capital financing activities:	
State grants received	2,983
Federal grants received	82,674
Net cash provided by non-capital financing activities	<u>85,657</u>
Cash flows from investing activities:	
Interest on investments	<u>91</u>
Net decrease in cash and cash equivalents	(20,111)
Cash and cash equivalents at beginning of year	<u>9,779</u>
Cash and cash equivalents at end of year	<u>\$ (10,332)</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (127,329)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	18,657
Depreciation	4,585
Increase in inventories	(1,386)
Decrease in deferred revenue	(386)
Net cash used in operating activities	<u>\$ (105,859)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and pooled investments	<u>\$ (10,332)</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2007, the District received Federal commodities valued at \$18,657.

During the year ended June 30, 2007, the Nutrition Fund received capital contributions from the Physical Plant and Equipment Levy Fund of \$1,739.

SEE NOTES TO FINANCIAL STATEMENTS.



BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**(1) Summary of Significant Accounting Policies**

The Belle Plaine Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Belle Plaine, Iowa, and the predominate agricultural territory in Poweshiek, Benton, Iowa and Tama Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Belle Plaine Community School District has included all funds, organizations, Account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Belle Plaine Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Poweshiek, Benton, Iowa and Tama County Assessors' Conference Board.

**B. Basis of Presentation**

Government-wide financial statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net asset* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The District reports the following proprietary fund:

The District's proprietary funds is the School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

### C. Measurement Focus and Basis of Accounting

The Government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the "economic resources measurement focus" and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to

customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 years
Machinery and equipment	5-12 years

Salaries and benefits payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the Government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, no disbursements exceeded the amount budgeted.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2007 were entirely covered by federal depository insurance or State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. The District had no investments as of June 30, 2007.

(3) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2007 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2007-08A	6/27/2007	6/27/2008	\$ 1,329,895	398	1,332,000	328

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. No ISCAP advance activity in the General Fund was noted for the year ended June 30, 2007.

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2007-08A	4.500%	5.455%

(4) Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 69,073	1,739	0	70,812
Less accumulated depreciation	51,808	4,585	0	56,393
Business-type activities capital assets, net	\$ 17,265	2,846	0	14,419

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 37,582	0	0	37,582
Total capital assets not being depreciated	<u>37,582</u>	<u>0</u>	<u>0</u>	<u>37,582</u>
Capital assets being depreciated:				
Buildings	2,162,781	24,100	0	2,186,881
Land improvements	148,917	0	0	148,917
Machinery and equipment	1,147,689	132,560	88,580	1,191,669
Total capital assets being depreciated	<u>3,459,387</u>	<u>156,660</u>	<u>88,580</u>	<u>3,527,467</u>
Less accumulated depreciation for:				
Buildings	1,369,451	47,217	0	1,416,668
Land improvements	79,482	6,325	0	85,807
Machinery and equipment	991,958	65,776	88,580	969,154
Total accumulated depreciation	<u>2,440,891</u>	<u>119,318</u>	<u>88,580</u>	<u>2,471,629</u>
Total capital assets being depreciated, net	<u>1,018,496</u>	<u>37,342</u>	<u>0</u>	<u>1,055,838</u>
Governmental activities capital assets, net	<u>\$ 1,056,078</u>	<u>37,342</u>	<u>0</u>	<u>1,093,420</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 1,365
Other	2,094
Support services:	
Student services	923
Instructional staff services	8,862
Administration services	3,778
Operation and maintenance of plant services	10,515
Transportation	38,239
	<u>65,776</u>
Unallocated depreciation	<u>53,542</u>
Total governmental activities depreciation expense	<u>\$ 119,318</u>
Business-type activities:	
Food services	<u>\$ 4,585</u>

##### (5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Early retirement	\$ 17,762	20,992	17,762	20,992	20,992
Accrued compensated absences	34,128	10,331	34,128	10,331	10,331
Total	<u>\$ 51,890</u>	<u>31,323</u>	<u>51,890</u>	<u>31,323</u>	<u>31,323</u>



### Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education. For the year ended June 30, 2007, the District paid \$17,762 in early retirement benefits.

### **(6) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$216,331, \$211,175, and \$205,348 respectively, equal to the required contributions for each year.

### **(7) Risk Management**

Belle Plaine Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **(8) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$208,301 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

### **(9) Deficit Fund Balances**

As of the year ended June 30, 2007, the Nutrition Fund had a deficit unrestricted fund balance of \$2,099.

REQUIRED SUPPLEMENTARY INFORMATION

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND  
CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2007

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 2,836,199	142,554	2,978,753	2,874,390	2,874,390	104,363
State sources	3,114,097	2,983	3,117,080	3,304,787	3,304,787	(187,707)
Federal sources	120,028	101,331	221,359	228,000	228,000	(6,641)
Total revenues	6,070,324	246,868	6,317,192	6,407,177	6,407,177	(89,985)
Expenditures:						
Instruction	3,752,668	0	3,752,668	4,727,386	4,727,386	974,718
Support services	1,724,837	0	1,724,837	1,817,000	1,817,000	92,163
Non-instructional programs	0	269,792	269,792	380,987	380,987	111,195
Other expenditures	267,859	0	267,859	965,817	965,817	697,958
Total expenditures	5,745,364	269,792	6,015,156	7,891,190	7,891,190	1,876,034
Excess(deficiency) of revenues over(under) expenditures	324,960	(22,924)	302,036	(1,484,013)	(1,484,013)	1,786,049
Other financing sources, net	0	1,739	1,739	0	0	1,739
Excess(deficiency) of revenues and other financing sources over(under) expenditures	324,960	(21,185)	303,775	(1,484,013)	(1,484,013)	1,787,788
Balance beginning of year	811,580	33,505	845,085	844,151	844,151	934
Balance end of year	\$ 1,136,540	12,320	1,148,860	(639,862)	(639,862)	1,788,722

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private-Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

OTHER SUPPLEMENTARY INFORMATION

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2007

	Special Revenue			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 120,910	94,322	152,042	367,274
Receivables:				
Property tax:				
Current year delinquent	2,132	0	2,127	4,259
Succeeding year	80,000	0	82	80,082
Income surtax	0	0	20,576	20,576
Total assets	<u>\$ 203,042</u>	<u>94,322</u>	<u>174,827</u>	<u>472,191</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 0	0	10,803	10,803
Deferred revenue:				
Succeeding year property tax	80,000	0	82	80,082
Income surtax	0	0	20,576	20,576
Total liabilities	<u>80,000</u>	<u>0</u>	<u>31,461</u>	<u>80,000</u>
Unreserved fund balances	<u>123,042</u>	<u>94,322</u>	<u>143,366</u>	<u>360,730</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 203,042</u>	<u>94,322</u>	<u>174,827</u>	<u>472,191</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2007

	Special Revenue			
	Manage- ment Levy	Student Activity	Physical Plant & Equipment Levy	Total
REVENUES:				
Local sources:				
Local tax	\$ 80,370	0	103,050	183,420
Other	7,690	196,957	1,845	206,492
State sources	80	0	80	160
TOTAL REVENUES	88,140	196,957	104,975	390,072
EXPENDITURES:				
Current:				
Instruction:				
Other instruction	0	186,889	0	186,889
Support services:				
Administrative services	88,196	0	0	88,196
Operation and maintenance of plant services	0	0	6,575	6,575
Other expenditures:				
Facility acquisition	0	0	43,438	43,438
TOTAL EXPENDITURES	88,196	186,889	50,013	325,098
Excess (deficiency) of revenues over (under) expenditures	(56)	10,068	54,962	64,974
Fund balance beginning of year	123,098	84,254	88,404	295,756
Fund balance end of year	\$ 123,042	94,322	143,366	360,730

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
School play	\$ 84	250	0	334
Speech	0	1	0	1
Vocal	0	119	0	119
Band	24	105	129	0
Activities	4,744	47,480	48,127	4,097
Girls track	1,219	2,423	2,472	1,170
Boys track	1,404	2,673	2,675	1,402
Boys cross country	305	12	0	317
Girls cross country	366	509	492	383
Boys/girls golf	1,507	1,166	469	2,204
Boys basketball	2,673	4,195	3,929	2,939
Girls basketball	1,170	3,963	3,218	1,915
Football	296	4,748	4,856	188
Baseball	2,065	4,726	5,988	803
Wrestling	64	2,352	2,279	137
Volleyball	1,112	4,993	3,799	2,306
Softball	1,310	1,366	1,336	1,340
K-8 art club	137	508	418	227
Science club	545	1,064	0	1,609
HS student council	6,019	4,707	5,232	5,494
Annual	3,092	9,491	7,831	4,752
Close up	12,363	26,905	21,914	17,354
Peer helpers	149	0	0	149
Spanish club	1,273	2,687	3,715	245
Cheerleading	674	3,884	2,968	1,590
FFA	16,927	23,062	24,237	15,752
Win with fitness	41	113	88	66
Belle Plaine S.A.D.D.	435	136	53	518
Dance/drill team	637	306	360	583
Video club	21	402	258	165
JH student council	7,332	12,968	12,354	7,946
Camp courageous	1,896	2,886	2,100	2,682
6th grade	5,143	12,075	12,109	5,109
Elementary student council	4,064	1,077	1,044	4,097
J.H./Elem Drama	41	523	535	29
Class of 07	1,105	3,059	4,164	0
Class of 08	1,414	2,100	2,740	774
Class of 09	776	2,106	969	1,913
Class of 10	0	3,362	1,785	1,577
Activity ticket	162	0	162	0
Projects	1,654	382	0	2,036
Playground equipment	11	0	11	0
Interest	0	2,073	2,073	0
Total	\$ 84,254	196,957	186,889	94,322

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE LAST FOUR YEARS

		Modified Accrual Basis			
		Years Ended June 30,			
		2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$	2,311,470	2,187,039	2,197,074	1,913,270
Tuition		167,612	128,317	263,300	187,117
Other		357,117	319,339	237,063	266,261
State sources		3,114,097	2,986,849	3,019,856	2,948,051
Federal sources		120,028	129,567	126,370	119,061
Total		\$ 6,070,324	5,751,111	5,843,663	5,433,760
Expenditures:					
Instruction:					
Regular instruction	\$	2,534,811	2,546,399	2,496,924	2,462,224
Special instruction		705,497	671,141	675,667	744,499
Other instruction		512,360	498,777	489,880	431,840
Support services:					
Student services		77,402	79,791	92,382	92,838
Instructional staff services		150,924	170,979	108,201	101,460
Administration services		724,720	693,490	662,511	652,031
Operation and maintenance of plant services		460,129	472,027	493,409	436,307
Transportation services		311,662	228,354	208,482	169,826
Other expenditures:					
Facilities acquisitions		59,558	139,931	51,903	134,568
AEA flow-through		208,301	201,163	201,940	205,191
Total		\$ 5,745,364	5,702,052	5,481,299	5,430,784

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

# **NOLTE, CORNMAN & JOHNSON P.C.**

## **Certified Public Accountants**

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

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### Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of the  
Belle Plaine Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Belle Plaine Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 14, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Belle Plaine Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Belle Plaine Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Belle Plaine Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Belle Plaine Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Belle Plaine Community School District's financial statements that is more than inconsequential will not be prevented or detected by Belle Plaine Community School District's internal control. We consider the deficiencies in internal control described in Part I of the Findings Related to the General Purpose Financial Statements.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Belle Plaine Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-07 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Belle Plaine Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Belle Plaine Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Belle Plaine Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Belle Plaine Community School District and other parties to whom Belle Plaine Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Belle Plaine Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
NOLTE, CORNMAN & JOHNSON, P.C.

February 14, 2008

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2007

Part I: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-07 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2007

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-07 Certified Budget - District disbursements for the year ended June 30, 2007, did not exceed the amount budgeted.
- II-B-07 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-07 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-07 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:
- | Name, Title and<br>Business Connection | Transaction<br>Description | Amount  |
|--|----------------------------|---------|
| Jodi Bermel, Principal<br>Owns Subway  | Supplies                   | \$1,256 |
- In accordance with Attorney General Opinion dated July 2, 1990, the transaction with the employee does not appear to be a conflict of interest.
- II-E-07 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-07 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-07 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-07 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-I-07 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-J-07 Financial Condition - As of the year ended June 30, 2007, the Nutrition Fund had a deficit unrestricted fund balance of \$2,099.

Recommendation - The District should monitor these funds and investigate alternatives to eliminate these deficits.

Response - We will monitor this fund to eliminate the deficit.

Conclusion - Response accepted.

II-K-07 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation - The District should contact Midwest One Bank and request they provide an image of both the front and back of each cancelled check as required.

Response - The District has contacted MidwestOne Bank and they have agreed to provide an electric copy of both the front and back of cancelled checks.

Conclusion - Response accepted.